

THURSDAY, APRIL 8, 1993 -- THIRTY-FIRST LEGISLATIVE DAY

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IN JOINT CONVENTION

GOVERNOR'S MESSAGE

The hour having arrived, set by House Joint Resolution No. 167, the Senate met with the House in Joint Convention.

The Joint Convention was called to order by Mr. Speaker Wilder, President of the Joint Convention.

On motion of Senator Crutchfield, the roll call of the Senate was dispensed with.

On motion of Representative Purcell, the roll call of the House was dispensed with.

Thereupon, the Clerk of the Senate read House Joint Resolution No. 167 authorizing the Joint Convention.

On motion, Senator Crutchfield moved that the President appoint a Committee composed of six (6) members from the Senate and six (6) members from the House to notify the Governor that the Joint Convention is in session and awaiting his arrival, which motion prevailed.

Mr. President Wilder appointed a Select Committee composed of Senator Crowe; Harper, Leatherwood, Rice, Wallace and Wright; also, Representatives DeBerry, Duer, Pruitt, Turner (Hamilton), Dixon and Walley.

Without objection, the Joint Convention recessed pending the arrival of the Governor.

The Joint Convention was called to order by President Wilder.

Without objection, the roll calls of the Senate and House were dispensed with.

Senator Crowe announced the Governor of the State of Tennessee at the entrance to the House.

President Wilder asked the committee to escort the Governor to please come forward.

President Wilder introduced the Honorable Ned McWherter, Governor of the State of Tennessee.

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ADDRESS TO JOINT CONVENTION OF THE TENNESSEE GENERAL ASSEMBLY  
GOVERNOR NED McWHERTER

April 8, 1993

Governor Wilder. Speaker Naifeh. To the members of the General Assembly. To the Constitutional Officers. And most of all to the people we are here to serve.

Every man and woman in this Body offered themselves for public service knowing a day would come when you would be tested by fire. Today is that day.

I stand before you to recommend that the State of Tennessee withdraw from the Medicaid system and establish a radical new program for the delivery of health care. At stake is nothing less than the financial stability of state government and the access to health care for 1.5 million Tennesseans.

If we are brave enough to abandon a Medicaid system that we all know has run its course, I offer a future for Tennessee without limits. If our courage fails us, it is certain our attempts to keep paying for the current health care system will eventually destroy the quality of every state service in Tennessee.

We could add a half cent to the sales tax each year forever and not keep pace with the cost of Medicaid. In the absence of a revolutionary change in Tennessee's health care system, by the year 2000 health care will consume more than half the revenues of state government.

Do not for a moment misunderstand the scope or the seriousness of the Medicaid problem. From Vermont to Texas, every state government in America is being financially crushed by the rising cost of providing health care for the poor.

Nearly three decades of good intentions in Washington have produced a health care program that has left the states addicted to federal subsidies. Each year we spend our energy finding new ways to generate more matching funds for a Medicaid system whose costs have gone absolutely wild. While the tax revenues from Tennessee's general fund to pay for Medicaid have remained about the same for the last four years, we have developed an elaborate "hocus pocus" program of hospital provider fees in order to feed our addiction to federal matching funds.

This funding scheme is not adequate, it is not fair, and it serves only to distract us from addressing the real problems of a program whose costs have tripled in five years. Our first step must be to quit playing games with the Medicaid budget.

My proposal begins with the recommendation that all hospital provider fees expire on April 1, 1994. From that day forward, Tennessee will pay for indigent health care with the same conservative financial policy we use for all programs of state government.

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If we make the commitment to do away with "hocus pocus" funding of Medicaid, we must also be prepared to undertake radical changes in Tennessee's health care delivery system. Previous efforts to reform Medicaid have failed here and elsewhere because those involved tried to fix a system that simply cannot be fixed.

We can debate endlessly whether Medicaid recipients abuse emergency rooms or whether they should be charged a dollar co-payment for prescriptions. These and other similar issues are important, but addressing them all would not relieve us of the structural problems in the Medicaid system.

There is unmanageable growth in health care costs. There has been little flexibility given the states to manage the Medicaid program. And despite its costs, Medicaid provides no care to more than 500,000 working Tennesseans who have no health insurance.

If the General Assembly wishes to try to salvage the Medicaid program, you will first need to decide how to respond to a \$764 million difference between anticipated costs and revenues in 1994. Your choices will not be easy. Balancing next year's Medicaid budget will require either a twenty percent reduction in services or an enormous increase in taxes. With either decision, increasing costs will confront you with the same choices next year and the next.

As an alternative, I offer you the choice of fundamental change. The administration began working on this plan in November when a fellow governor was elected President. The new President understands what health care costs are doing to the states, and he has indicated a willingness to provide waivers to states with creative new ways to provide health care services.

In a few moments Finance Commissioner David Manning will present to you details of what may prove to be the most radical health care plan in America. Our proposal is called TennCare. It is designed to provide comprehensive health insurance not just for one million current Medicaid recipients, but also for some 500,000 working Tennesseans who have no health insurance.

By using a system of managed care similar to the one we developed four years ago for state employees, TennCare would require no increase in taxes. It would keep future growth in state health care costs within the rate of growth in state revenues. The plan would not discriminate between rural and urban health care providers.

TennCare would eliminate the need for cost-shifting by hospitals to pay for uninsured care. It would also eliminate the need for the hospital services tax and other "hocus pocus" funding. And ladies and gentlemen, TennCare would save Tennesseans some \$6.5 billion in health care costs over the next five years.

As promising as this proposal may sound, I do not want to leave the impression that the plan is without risk. If the General Assembly adopts my recommendation to leave the Medicaid system, I will immediately request a waiver from the federal government to

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implement the TennCare program on January 1, 1994. If Washington grants Tennessee a waiver, we would continue to receive adequate federal funds under Title XIX to assist us with the TennCare program. If the waiver is denied, I will return to this Body with another recommendation.

I close my remarks today with an appeal from the heart. Like most of you I have always thought about Medicaid in terms of dollars and budgets. I ask today that your consideration of this question include those Tennesseans who do not have a lobbyist up there in the balcony.

Three weeks ago I met with a number of Tennesseans whose lives, quite literally, depend on us. In front of the Governor of Tennessee a young secretary named Pam Cardoso held her ten-year-old son Sammy in her arms. Sammy is retarded, and has been blind from birth. Under circumstances most of us could never imagine his mother has used Medicaid funds to keep Sammy at home instead of putting him in an institution.

These are the stories and struggles of Tennesseans to whom we have a moral obligation. Today I renew the pledge I made to Pam Cardoso. So long as I am Governor we will not turn our backs on Tennesseans who need our help.

God willing, you will join me in that pledge.

Thank you.

Mr. President Wilder relinquished the Chair to Mr. Speaker Naifeh, as President of the Joint Convention.

The purpose for which the Joint Convention was called having been accomplished, Mr. President Naifeh declared the Joint Convention dissolved.